

Department of Environmental Quality Responses

PERSONAL SERVICES QUESTIONS – 2007 SESSION

EXHIBIT 5
DATE 1/16/07
HR 2

1. Has the agency implemented a broad band pay plan, agency-wide or for selected jobs? If so, when was it implemented and what were the estimated cost increases in the year of implementation? How were these costs funded (by holding vacant positions open, appropriations for other purposes that were unexpended, etc)?

The Department of Environmental Quality implemented an agency-wide broad band pay plan in FY 02. The estimated costs increases were \$470,535 in FY 02 and \$1,259,524 in FY 03. The FY 03 figure is more representative of annualized costs.

These increases were absorbed out of the existing budget as follows:

The Planning Division (Program 20) eliminated a variety of activities to fund the alternative pay plan. Among these were reducing purchases of air monitoring equipment and other minor equipment/supplies throughout the division, decreasing contracted services (which included not hiring interns), and travel. The Division also eliminated funding and position numbers, for 3.5 FTE, which included personal services and related operating costs. Those position numbers were as follows:

- Administrative Support 1.00 FTE Position 40220
- Environmental Engineering Spec 1.00 FTE Pos 519
- Environmental Program Manager 1.00 FTE Pos 307
- Air Quality Specialist .50 FTE Pos 314

The Enforcement Division (Program 30) reduced contract costs by choosing not to streamline its enforcement request form, reduced travel and eliminated use of temporary personnel

The Remediation Division (Program 40) diverted federal grant monies from contracted services to personal services. For cost recovery programs, cost recovery rates were increased to reflect increased salaries. The Division also eliminated one position in the petroleum release section (underground tank program).

The Permitting Division (Program 50) left positions open, reduced contracted services, lab costs and travel costs, realigned administrative expenses and transferred positions to address workflow needs and funding constraints.

2. At what percentage of market are new employees paid? How do employees progress to the market rate for their position? What is the agency's target percent of market? What is the agency average percent of market in FY 2006?

In FY 2006 DEQ implemented a pay adjustment under Pay Plan 20 to ensure no employee was paid less than 80% of market. With that adjustment, 80% became the entry rate for new employees. The department in FY 2006 also created a matrix of minimum pay based on the length of an employee's job-related experience at his or her current occupational title. Not all DEQ employees received an increase in pay based on this matrix. In fact, less than half of our employees did. But applying the longevity matrix was both internally equitable and added market progression – based on relevant experience – into the pay system. This matrix follows:

Years of Experience	Minimum % of Market
0 to 2 (entry)	80.0%
2-4	82.0%
4-6	84.0%
6-8	85.5%
8-10	87.0%
10-13	88.0%
13-17	89.0%
17-21	90.0%
21-25	91.0%
25 +	92.0%

Target percentage of market – Ideally, ignoring funding constraints, the Department would have a standard distribution of employee pay, with a midpoint at 100% of market. There would be employees on both sides of the midpoint based on experience and expertise. This is reflected in the attached graph. We recognize that funding constraints prevent us from reaching this target in the foreseeable future.

Average percent of market in FY 2006 – In September of 2005, prior to the first of the legislated pay increases and before any non-legislated adjustments, the average percent of market for DEQ employees was 83.74%. In June of 2006, at then end of FY 2006 and following these adjustments, that average rose to 90.06%. After the second legislated pay increase in October 2006 (during FY 2007), the average rose to 93.77%.

3. Did the agency have vacant positions for a significant portion (6 months or more) of FY 2006? If yes, how many and why were these vacant? How did the vacancies impact agency operations?

DEQ had 36 positions vacant for six months or more during FY 2006.

In the Central Management Program, three positions were vacant. One was reassigned to accomplish permanent vacancy savings, another was held open temporarily for vacancy savings, and a third was held open due to efficiencies created by staffing changes. The position held open temporarily has created a short-term workload burden.

In the Planning Division, nine positions were vacant; the vacancies were involved in water quality monitoring and TMDL development for the Water Quality Planning Bureau. These vacancies slowed the collection of water quality data and the assessment process that determines which streams and rivers are fully supporting their beneficial uses and which are not and are therefore impaired.

The Enforcement Division had one long-term vacancy during FY 2006, held open due to uncertainty in the ability to meet the 2007 budget because of pay increases. The Division assigned a lower priority to complaint management, resulting in fewer field investigations, more informational letters and unresolved complaints.

In the Remediation Division, seven positions were vacant. Recruitment was delayed for some because of delays on the part of the U.S. Environmental Protection Agency on federal-lead cleanup sites. EPA had anticipated entering into negotiations for settlement agreements on two sites. When those negotiations are delayed, staff demand is minimal. We are now negotiating and staff demands are increasing. These positions have since been filled. The impact of the delay was to reduce the rate at which we expended federal funds. Other positions were kept vacant to ensure cash flow due to uncertainties in cost recovery, and one position was vacant due to several unsuccessful recruitment attempts.

The Permitting and Compliance Division had 16 vacancies. Factors include funding reductions in federal grants funds, evaluation of processes and potential efficiencies resulting in internal reprioritization of positions, and recruitment problems – some of these positions have now been advertised for up to six times but applicants, if any, did not meet minimum qualifications. Impacts include slower permitting, missed statutory time frames, less depth of analysis in permit reviews, increased time frames to process bond releases, reduced technical assistance and training to the regulated community, less detailed responses to public inquiries, and reduced compliance activities resulting in potentially delayed or missed recognition of permit violations, some of which can result in operational and environmental problems not discovered in time to prevent significant impacts to public health and the environment.

4. Did the agency have authorized pay exceptions for pay plan 60 positions? If yes, why?

Not applicable

5. Did the agency have authorized position upgrades or downgrades for pay plan 60 positions? If yes, why?

No

6. What challenges does the agency face in recruiting and retaining staff? What actions has the agency taken to address recruitment and retention issues? Is the agency competing with other state agencies or the public sector for staff?

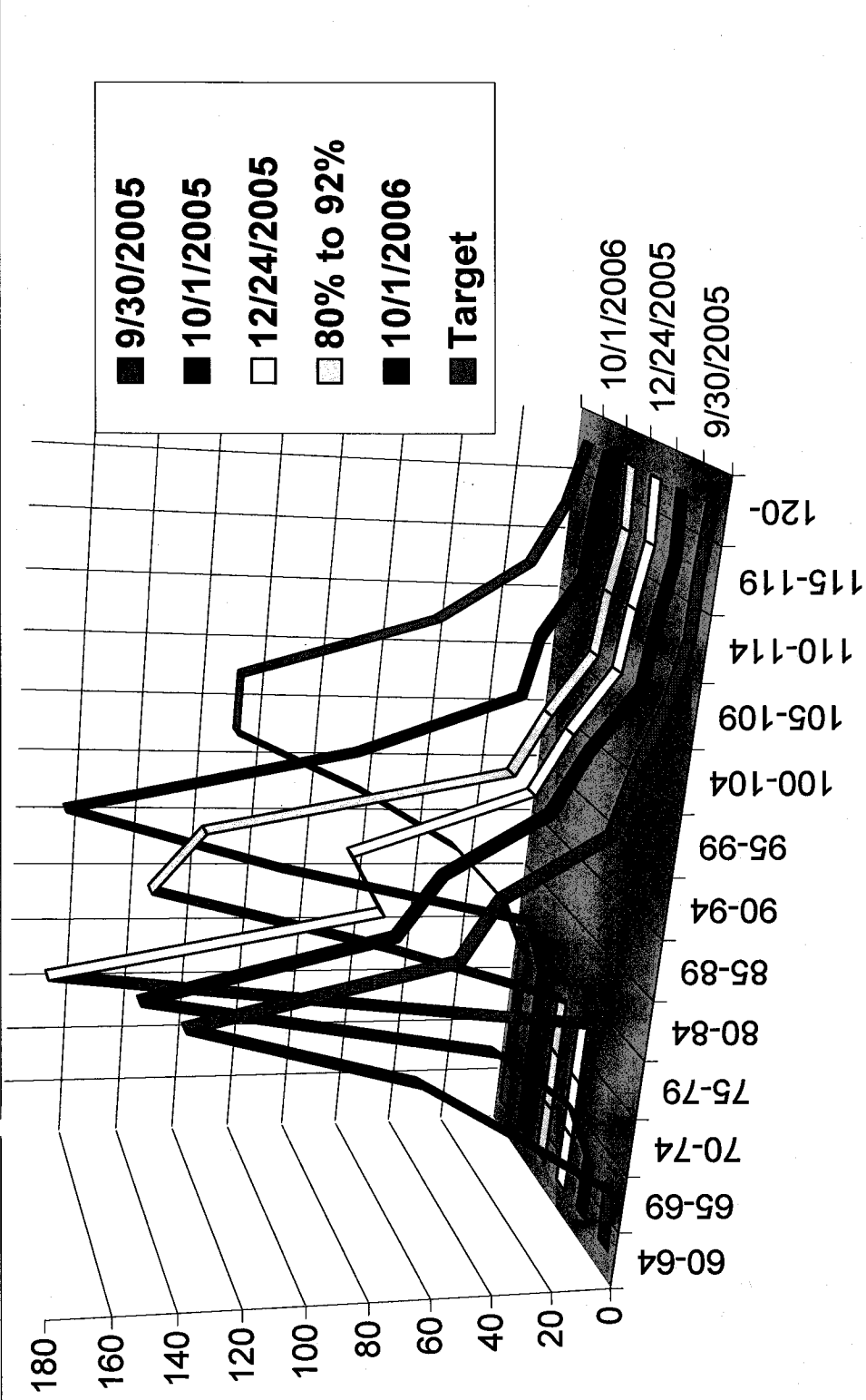
DEQ faces significant challenges in recruiting and retaining staff. We have discussed these at length in our budget subcommittee, and they are well presented in the LFD write-up for our agency. In addition to challenges with pay, DEQ work generally includes regulation of various entities, which is seldom popular. The work typically requires well trained and educated staff. These factors combine to create the recruitment and retention problems.

To address these, in 2006 the agency undertook the pay adjustment under Pay Plan 20 described above. We also are holding discussions with representatives of both management and the bargaining unit to develop performance and competence components to add to the pay plan rules. The department also has implemented a variety of workplace improvements to encourage more flexible work schedules and telecommuting, where possible.

DEQ's main competition is with other Montana state agencies. In calendar year 2005, 13 (28.3%) of the 46 employees who left DEQ did so to transfer to another state agency. In calendar year 2006, this percentage was 31.1% (14 of 45). This constitutes the largest single reason for leaving (see attached spreadsheet).

7. Are agency staff members represented by collective bargaining units? How many of the agency staff are impacted by collective bargaining unit agreements? What provisions are included in bargaining unit agreements? How often are these agreements negotiated?

DEQ has one bargaining unit currently encompassing 248 employees, or 63% of the department total. The bargaining unit agreement includes standard contract language, pay plan rules, establishing markets and compensation. The agreement is negotiated biennially.



	60-64	65-69	70-74	75-79	80-84	85-89	90-94	95-99	100-104	105-109	110-114	115-119	120-
9/30/2005	0	1	34	68	142	60	49	17	12	5	1	1	0
10/1/2005	0	0	9	37	152	74	61	29	19	5	3	0	1
12/24/2005	0	0	0	0	177	73	85	28	18	5	3	0	1
80% to 92%	0	0	0	0	65	143	127	28	18	5	3	0	1
10/1/2006	0	0	0	0	7	97	168	74	20	16	4	3	1
Target	0	0	0	0	10	30	65	110	110	45	15	5	0
Target % to Total	0%	0%	0%	0%	3%	8%	17%	28%	28%	12%	4%	1%	0%
													100%

